



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF PERSONNEL AND TRAINING**

November 23, 1999

TO: Medicare Eligible Members Enrolled in Advantage 65,
Medicare Complementary (Option I), or Medicare
Supplemental (Option II)

FROM: A. C. Graziano, Director
State and Local Health Benefits Programs

SUBJECT: New Rates Effective January 1, 2000

[New Monthly Rates Starting January 1](#)

The enclosed rate sheet shows the Advantage 65, Option I, and Option II monthly rates which go into effect on January 1, 2000. In addition, the Commonwealth is initiating a New State Medicare Prescription Drug-Only Plan. Monthly rates for this option also can be found on the rate sheet.

Unfortunately, premiums for Advantage 65, Option I and Option II will increase 30% in January. Your plan continues to pay higher prices for medical services, especially for prescription drugs. The Commonwealth is not alone in facing the dilemma of rising health

care costs, which continue to be a problem nationwide for private industry as well as the public sector.

Rising prescription drug costs represent the major challenge your plan faces. For Medicare eligible retirees, prescription drugs represent the largest single item of expense, about 2/3 of the total premium. The cost of prescription drugs for Medicare eligible retirees is expected to rise 29% from June 1999 to June 2000.

New Structure for Prescription Drugs Advantage 65 and Option I

For Advantage 65 and Option I members, changes are being made in the structure of the outpatient prescription drug portion of your plan. Option II members are not affected.

There will be a new coinsurance amount at Participating Pharmacies (up to a 34-day supply) and through the Mail Service Pharmacy (up to a 90-day supply). The coinsurance is calculated on the *allowable charge* for generic and brand name drugs. The *allowable charge* is a discounted drug price which is lower than the retail price. Your percentage of cost is based on this discounted price.

The chart below shows what you pay for generic and brand name drugs. It also reflects that beginning July 1, 2000, you will not be able to receive a 90-day supply of drugs at those few pharmacies that now provide that service. A 34-day supply will be available, as always, but for a 90-day drug supply, you will have to use the Mail Service Pharmacy.

DRUG TYPE	PARTICIPATING PHARMACY For up to a 34-day supply, you pay:	MAIL SERVICE For up to a 90-day supply, you pay:
Generic	25% of the generic allowable charge	20% of the generic allowable charge
Brand With No Generic	25% of the brand allowable charge	20% of the brand allowable charge
Brand With Generic Available	25% of the brand allowable charge, plus the difference between the generic and the brand allowable charge	20% of the brand allowable charge, plus the difference between the generic and the brand allowable charge

New State Medicare Drug-Only Plan

Retirees eligible for Medicare and their Medicare eligible dependents may choose the new Drug-Only Plan beginning January 1. This alternative covers outpatient prescription drugs only. It has the very same new prescription drug benefit which is part of Advantage 65 and Option I. More details and rates for this new benefit can be found in the enclosed new State Medicare Prescription Drug Program brochure and rate sheet.

Medicare eligible retirees and dependents may choose different plans (for example, one can select Advantage 65 and the other choose the Drug-Only Plan).

Important: A Medicare eligible retiree or Medicare eligible dependent who chooses to enroll in the Drug-Only Plan must complete a Retiree Health Benefits Program Enrollment/Waiver Form. **Once a participant enrolls in the Drug-Only Plan, he or she may not switch back to Advantage 65, Option I or Option II.**

Your Options

1. ***If you want to stay in your current plan...do nothing!*** *You do not need to take any action if you are remaining in any one of these plans: Advantage 65, Option 1 or Option II. Your new monthly rate will automatically be deducted or collected in the usual manner.*
2. ***If you are changing plans...***fill out a State Retiree Enrollment/Waiver Form and send it to the appropriate location shown on the form. You must enroll in this plan by December 20 for an effective coverage date of January 1. Those currently enrolled in Advantage 65, Options I and II are eligible to change plans, but those enrolled in Advantage 65 cannot choose Option I or Option II. Remember, if you are currently enrolled in Option I or II, and choose to enroll in Advantage 65, you cannot return to Option I or Option II.
3. ***If you want to enroll in the State Medicare Prescription Drug-Only Plan...***use the enclosed State Retiree Enrollment/Waiver Form to enroll.
4. ***You may have HMO options*** through a federal government-sponsored Medicare Managed Care Plan (formerly referred to as Medicare+Choice). Information can be found at your local Social Security office or on the Internet Medicare web site at <http://www.medicare.gov>. The Commonwealth has deemed these plans to be part of the state's authorized plans. If you decide that the Medicare Managed Care Plan

does not meet your needs, you can return *only* to Advantage 65 or the State Medicare Drug-Only Plan.

If you choose a Medicare Managed Care Plan, you must contact that plan directly to enroll. You must also disenroll from your state plan by completing the enclosed Disenroll From State Retiree Plan Form. See important billing information on this form.

5. ***You also may want to consider an individual Medigap plan*** available from private insurance carriers throughout Virginia. These plans are standard, supplemental insurance plans offered by private carriers and specifically designed to fill the gaps in Medicare Part A and B coverage. Individual carriers can be contacted for more information.

However, if you choose such a plan, you will not be allowed to return to the State health benefits program. You must contact the selected health plan directly to enroll, and complete the waiver portion of the enclosed Retiree Health Benefits Program Enrollment/Waiver Form.

Enclosures:

[Retiree Monthly Rates Effective January 1, 2000](#)

[Retiree Health Benefits Program Enrollment/Waiver Form](#)

[Disenroll From State Retiree Plan Form](#)

[State Medicare Prescription Drug Program Brochure](#)

[Medicare Eligible Retirees: Understanding Your Health Benefits booklet](#)

RETIREE HELPLINE HOURS

Monday, Nov. 29 -
Friday, December 10
8:30 am to 4:30 pm

Richmond - 786-3250
Toll Free Statewide
1-888-695-3466